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EX PARTE

FILED ELECTRONICALLY VIA ECFS

March 21, 2006

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Room TW-A325
Washington, DC 20554

RE: In the Matter of the Joint-Board on Universal Service, CC Docket 96-45.

Dear Ms. Dortch:

On March 21, 2006, Melissa Newman, Lynn Starr, Mary Retka, Peter Copeland (in person), Tiffany Smink and Molly Martin (by phone), all of Qwest, met with Cathy Carpino, Greg Guice, Narda Jones, Carol Pomponio, Amy Bender and Jim Lande of the Wireline Competition Bureau to discuss universal service contribution methodology.

The attached document was used as the basis for the discussion.

Sincerely,

/s/ Melissa E. Newman

Attachment

Copy via email to:
Cathy Carpino
Greg Guice
Narda Jones
Carol Pomponio
Amy Bender
Jim Lande

Qwest[®]



Spirit of Service

Universal Service Contribution Methodology

March 21, 2006

KEY ASPECTS OF ANY CONTRIBUTION METHODOLOGY CHANGE

- Should be competitively neutral and require equitable contributions of all providers who utilize NANP numbers: VoIP, Wireless, Paging, Wireline and Satellite
- Should ensure the burden of USF is fairly shared among all end users of competing services
- Should ensure equitable contributions by all providers of interstate telecommunications services
- Should not influence or drive customer purchasing behavior

NUMBERS + REVENUES CONTRIBUTION METHODOLOGY

- Qwest proposes a hybrid solution which combines “numbers-based” and “revenue-based” methodologies to determine provider contributions for interstate services

NUMBERS CONTRIBUTION METHODOLOGY

- A contribution should be required for each unique working NANP telephone number for services that are numbers-based
- The provider who has the retail relationship with the end-user customer should be responsible for the contribution

NUMBERS CONTRIBUTION METHODOLOGY

■ Utilizes NANP numbers assigned to a specific end user that provide the ability to send and/or receive calls

– Each Unique Working Telephone Number (**UWTN**) will be assessed 1 unit and the contribution will be determined as follows:

■ Included in the Contribution:

- PSTN Numbers (used to send/receive calls, including FAX numbers)
- Numbers used for VoIP
- Numbers “Ported In” from another carrier
- Wireless numbers
- Paging numbers
- 800 toll-free numbers, 500 and 900 numbers
- Exceptions
 - » PBX trunks should be assessed 1 unit regardless of the number of UWTNs associated with the trunk
 - » ISDN PRI should be assessed 5 units consistent with the Subscriber Line Charge (SLC)
 - » Centrex numbers should be assessed 1 unit for each 9 UWTNs, consistent with the Subscriber Line Charge (SLC)

■ Excluded from the Contribution:

- Numbers provided to Resellers (Resellers are responsible for the contribution)
- Numbers “Ported Out” to another carrier (the carrier with the end-user relationship is responsible for the contribution)
- Numbers used for UNE-P/QPP or like services (the carrier with the end-user relationship is responsible for the contribution)
- Numbers used for administrative purposes as defined in 47 CFR 52.15(f)(i)
- Aging numbers as defined in 47 CFR 52.15(f)(ii)
- Numbers available as defined in 47 CFR 52.15(f)(iv) but unassigned to end users
- Reserved numbers as defined in 47 CFR 52.15(f)(vi)
- Numbers donated back to the industry pool

REVENUES-BASED CONTRIBUTIONS

- Providers of interstate transport services to end users will contribute to the fund based on revenues from:
 - Private line and dedicated services not associated with numbers, such as (but not limited to):
 - DS1
 - DS3
 - OCN
 - DDS
 - Frame Relay
 - Voice Grade
- Excludes wholesale products provided to wholesale customers/carriers as is currently done today

ADVANTAGES OF QWEST'S HYBRID NUMBERS + REVENUE PROPOSAL

- Minimizes the debate over shifting the USF burden between different customer classes
 - Residential versus Large Business
- Avoids disputes over the number of “equivalents in a pipe” or where equitable “mbps dividing lines” should be drawn in determining “tiers” for high-capacity services offered by different providers and technologies

COMMENTS ON OTHER PROPOSALS

- Capacity-based “tiered” units per connection proposals are arbitrary and result in shifts of USF contributions

(ICF ex parte Nov. 21, 2005; USTelecom ex parte Jan. 11, 2006; AT&T ex parte Mar. 15, 2006)

- Claims that multiple lines in a wireless “family plan” deserve a reduced assessment are inconsistent with a numbers-based methodology which is technology neutral

(CTIA ex partes Jan. 25, 2006, Feb. 16, 2006; Verizon ex parte Mar. 3, 2006)

- All wireless numbers should be assessed 1 “unit”

- Suggestions that DSL and cable modem should be included in the universe of non-switched connections contradict the FCC’s Broadband Order

(USTelecom ex parte Jan. 11, 2006; AT&T ex parte Mar. 15, 2006)

- Contribution should not be assessed on DSL and Cable Modem

IMPLEMENTATION

□ IMPLEMENTATION PERIOD – 18 months

- Changes should be grounded in industry-wide, clear definitions and should be reconcilable with current tracking, billing and reporting systems
- Requires system revisions and IT work for existing contributors
- Requires training and systemization for new contributors
- All changes should occur at the same time – no phase-in

□ PAYMENTS

- Should not require payments on forward-looking estimates, but utilize a collect and remit process based on *actual* collections from UWTNs and interstate end-user revenue

□ COST RECOVERY

- The Commission should establish a means of cost recovery for implementation of any methodology changes analogous to the cost recovery mechanism utilized for LNP implementation